Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Text

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PAGE 01 PORT A 01975 071423Z

46
ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 FEA-01 OPIC-06 XMB-04 AGR-10

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05

CIEP-02 SS-15 STR-04 TAR-01 TRSE-00 USIA-15 PRS-01

SP-02 OMB-01 /115 W
---------- 116273
R 071308Z AUG 75
FM AMEMBASSY PORT AU PRINCE
TO SECSTATE WASHDC 394

UNCLAS PORT AU PRINCE 1975

EO 11652 N/A
TAGS: EFIN, EIND, EINV
SUBJECT: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: A) STATE 165596; B) PORT AU PRINCE A-39, APRIL 12, 1974

1. FOLLOWING STATEMENT ON HAITIAN INVESTMENT CLIMATE CAN BE PUBLISHED IN COMPENDIUM PER REFTEL:

A) THE GOVERNMENT OF HAITI IS AWARE OF THE NEED FOR INCREASED PRIVATE INVESTMENT, BOTH FOREIGN AND DOMESTIC. AN INVESTMENT ACT OF 1963, REVISED IN 1969, PROVIDES FOR SUBSTANTIAL RELIEF FROM IMPORT DUTIES ON MACHINERY AND MATERIALS AND CORPORATION INCOME TAX HOLIDAYS, DEPENDING ON THE EXACT NATURE OF THE ENTERPRISE, OVER A PERIOD OF UP TO TEN YEARS. IN ESTABLISHING PRIORITIES FOR THE NEXT DEVELOPMENT PLAN, THE GOVERNMENT HAS CALLED FOR INCREASED INVESTMENT IN AGRICULTURE, DEVELOPMENT OF THE COUNTRY'S NATURAL RESOURCES, ESTABLISHMENT OF GROWTH CENTERS OUTSIDE OF THE CAPITAL, AND THE CREATION OF IMPORT-SUBSTITUTION INDUSTRIES. THERE IS NO REQUIREMENT FOR DOMESTIC PARTICIAPTION IN INVESTMENT PROJECTS, ALTHOUGH A COMPANY SHOULD BE ESTABLISHED WITHIN HAITI TO UNDERTAKE PROJECTS.
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PAGE 02 PORT A 01975 071423Z

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

B) DEFICIENCIES IN HAITIAN ADMINISTRATIVE AND DECISION-MAKING STRUCTURES CAN SOMETIMES CREATE DIFFICULTIES FOR FOREIGN INVESTORS, HOWEVER, AND NEGOTIATIONS MAY BE LENGTHY AND CUMBERSOME, PARTICULARLY IF THE INVESTMENT IS A SIZEABLE ONE. THERE ARE ALSO RESTRICTIONS ON THE OWNERSHIP OF LAND BY FOREIGN INDIVIDUALS OR CORPORATIONS.

C) THERE ARE NO STATISTICS ON INVESTMENT, AND AVAILABILITY OF OTHER STATISTICS IS LIMITED. HOWEVER, OVER THE PAST FOUR YEARS, FOREIGN INVESTORS, CHIEFLY AMERICAN, HAVE SHOWN GREATEST INTEST IN LIGHT ASSEMBLY INDUSTRIES, WHICH ARE ENCOURAGED BY THE GOVERNMENT AND WHICH HAVE THE ADVANTAGE OF PROXIMITY TO THE U.S., LOW-COST LABOR, GOOD MANAGEMENT/LABOR RELATIONS, AND SMALL CAPITAL INPUTS.

D) A FULL RANGE OF OPIC GUARANTEES IS AVAILABLE TO U.S. INVESTORS IN HAITI AND A NUMBER OF PROJECTS HAVE BEEN ISSUED INSURANCE COVERAGE. THERE ARE NO EXCHANGE CONTROLS AND NO SIGNIFICANT RESTRICTIONS ON PROFIT REMITTANCES OR CAPITAL REPATRIATION.

2. AS NOTED IN PAST, THERE ARE NO HARD STATISTICS AND VERY LITTLE INFORMATION ON THE VALUE OF FOREIGN INVESTMENT IN HAITI.
EMBASSY'S BEST ESTIMATE ON BOOK VALUE OF FOREIGN INVESTMENT IN 1975 IS AS FOLLOWS:

A) U.S. INVESTMENT APPROXIMATES $26.5 MILLION, INCLUDING $7 MILLION IN MINING, $2.5 MILLION IN PETROLEUM, $8.5 MILLION IN MANUFACTURING, $5.5 MILLION IN TOURISM, AND $3.0 MILLION IN SUGAR MILLS.

B) THERE HAS BEEN NO IDENTIFIABLE CHANGE IN FOREIGN INVESTMENT FROM OTHER COUNTRIES, LEAVING FRENCH INVESTMENT AT $13 MILLION AND CANADIAN INVESTMENT AT $2.8 MILLION. TOTAL FOREIGN INVESTMENT IS THUS APPROXIMATELY $42.3 MILLION.

C) OTHER THAN A RELATIVELY SMALL AMOUNT OF PORTFOLIO INVESTMENT, THERE IS NO KNOWN HAITIAN CAPITAL INVESTED IN THE UNITED STATES.
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PAGE 03 PORT A 01975 071423Z

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